

CITY OF EVERLY
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2020 THROUGH JUNE 30, 2021

T.P. ANDERSON & COMPANY, P.C.
Certified Public Accountants

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CITY OF EVERLY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brad Behrens	Mayor	December 31, 2021
Cheri Hoyer	Council Member	December 31, 2021
Josh Muckey	Council Member	December 31, 2021
Tara Patrick	Council Member	December 31, 2023
Tracey Grigg-Schuver	Council Member	December 31, 2021
Shaun Iske	Council Member	December 31, 2023
Kristi Fliss	City Clerk	Indefinite

City of Everly



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

We performed the procedures below, which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Everly for the period July 1, 2020 through June 30, 2021, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Everly's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. The City of Everly's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected accounting records and related information of the City including the City's compliance with certain Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed are summarized as follows:

1. We observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6), and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We observed the City's fiscal year 2021 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.

7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We scanned depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B, and 556.1(12) of the Code of Iowa.
9. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384, and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. The City has no Tax Increment Financing as of June 30, 2021.
11. We traced selected receipts for accurate accounting and consistency with the recommended COA.
12. The City has no voter approved levies as of June 30, 2021.
13. We traced selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA, and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We traced transfers between funds to proper authorization and accurate accounting and determined whether proper.
15. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether proper.
16. We observed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various findings and recommendations for the City. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged by the City of Everly's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or

conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Everly and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Everly during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

T.P. Anderson & Company, P.C.

September 10, 2021

Detailed Recommendations

City of Everly

Detailed Recommendations

For the period July 1, 2020 through June 30, 2021

- (A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements. Generally, one individual has control over each of the following areas for the City:

- (1) Cash – handling, reconciling, and recording.
- (2) Receipts – opening mail, collecting, depositing, recording, reconciling, and posting.
- (3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling, and recording.
- (4) Payroll – recordkeeping, preparing, and distributing.
- (5) Utilities – billing, collecting, depositing, and posting.
- (6) Financial reporting – preparing and reconciling.
- (7) Journal entries – preparing and recording.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Business Transactions – Business transactions between the City and City officials or employees which may represent conflicts of interest are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Brad Behrens, Mayor, Employee and son of owner of Custom Welding & Repair	General repairs & maintenance	\$ 2,055
Josh Rinehart, City Employee	Equipment Rental	333
Shaun Iske, Councilmember, Owner of Quik Spot	Fuel	2,425
Tony Seivert, Utility Board Member, Employee at Dave's Sand & Gravel	Rock/gravel for roads	281

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the above transactions do not appear to represent a conflict of interest since total transactions were less than \$6,000 during the fiscal year.

City of Everly

Detailed Recommendations

For the period July 1, 2020 through June 30, 2021

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

- (C) Unclaimed Property – We noted during the year that there were outstanding transactions that were over two years old that have not been submitted to the Office of Treasurer of State in accordance with Chapter 556.11 of the Iowa Code.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually, as required

- (D) Transfers – Transfers between funds were not always approved by resolution (including interfund fund loan transfers). It was also noted that there was a transfer that was made in a different amount than was approved and stated in the resolution.

Recommendation – The City should make sure that all activity in the transfer accounts are being properly approved by resolution in accordance with Chapter 545-2 of the Code of Iowa.